



Internal Audit Policy

City Council Meeting
September 26, 2017

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CURRENT

- The Finance Department Established an Internal Audit Unit in October 2016
- The Internal Audit Unit is using an existing Internal Control Review by Moss Adams as a corrective Audit Plan
- To date, the unit has completed two audits from the Plan, two policies related to those audits, and other services for the City
- The Long Term Financial Planning and Audit Sub-Committee (LTFPA) has begun reviewing, accepting and providing direction on audit-related matters

PROPOSED

- The City proposes an Internal Audit policy that is based on the standards set by the Institute of Internal Auditors (IIA), including:
 - Formally adopt a document establishing reporting relationships, roles, and responsibilities
 - Perform annual risk assessments
 - Consent to a third party peer review of all audits performed
- This policy has been reviewed and approved by the LTFPA

POLICY

- This Council Policy on Internal Audit, adopted by the City Council by resolution, meets IIA standards
- The policy establishes the LTFPA as the board to which the audit group reports
- The policy formalizes reporting relationships within the Internal Audit function to ensure independence

POLICY

- The Policy grants access of City operations to the Internal Audit group, but preserves the confidentiality of the documents received
- An annual risk assessment, performed by management, will serve as the Audit Plan for that year
- Ensures that audits will be done in accordance with ethical and professional standards
- All audits will go through third-party peer review every three years

BENEFIT

- Internal Audits review internal controls for various programs within the City
 - Petty Cash and Procurement Card audits completed this year
- These audits ensure policy compliance, and where policies are lacking, changes are proposed that boost controls

RECOMMENDATION

- It is recommended by the Long Term Financial Policy and Audit Sub-Committee and the Finance Department that the Council, by resolution, adopt a Council Policy on Internal Audit

QUESTIONS?